

Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 06358 232233Z

73

ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

RSC-01 SIL-01 DODE-00 PM-07 H-03 L-03 NSC-10 PA-03

PRS-01 SS-15 USIA-15 NSA-02 RSR-01 /110 W

----- 033532

R 232200Z JUL 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 636

LIMITED OFFICIAL USE CARACAS 6358

E.O. 11652: N/A

TAGS: ELAB VE

SUBJ: DRASTIC ACTION AT GENERAL MOTORS PLANT EASES TENSION

REF: CARACAS 4065

SUMMARY: A TENSE AND POTENTIALLY EXPLOSIVE LABOR SITUATION AT GENERAL MOTORS ASSEMBLY PLANT IN CARACAS HAS APPARENTLY BEEN DEFUSED BY COMPANY'S DISMISSAL OF NEARLY 400 WORKERS FOR CONTINUING A PRODUCTION SLOWDOWN. FOLLOWING A GM DECLARATION OF INTENTION TO PULL OUT OF VENEZUELA UNLESS ITS LABOR PROBLEMS WERE RESOLVED, PRESIDENT CALDERA AND MINISTER OF LABOR MARTINI URDANETA PROCLAIMED SLOWDOWN EXTRA-LEGAL AND AUTHORIZED COMPANY'S ACTION.

END SUMMARY

1. AS PREVIOUSLY REPORTED, GENERAL MOTORS AUTOMOBILE ASSEMBLY PLANT IN CARACAS HAS BEEN SUBJECT TO YEAR-LONG PRODUCTION SLOWDOWN BY ITS THREE CLOSELY AFFILIATED UNIONS. ISSUE AT FIRST CONCERNED LEGAL RECOGNITION OF UNIONS CONTROLLED BY LABOR LAWYER HERMANN ESCARRA. AFTER ESCARRA'S UNIONS ACHIEVED RECOGNIZED STATUS LABOR DISPUTE CONTINUED OVER UNIONS' CONTENTION THAT CERTAIN FRINGE BENEFITS SHOULD BE INCLUDED AS PART OF NORMAL WAGES WHEN CALCULATING SUNDAY, HOLIDAY, AND VACATION PAY. AN ARBITRAL AWARD OF NOVEMBER 20, 1972 FAVORED UNIONS' POSITION. DISCUSSIONS BETWEEN MANAGEMENT AND LABOR

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 06358 232233Z

ON IMPLEMENTATION OF THIS ARBITRAL AWARD BROKE DOWN IN JUNE AMID

THREATS OF WORKER VIOLENCE AGAINST GM MANAGEMENT PERSONNEL.
NATIONAL GUARD TROOPS WERE STATIONED AT PLANT TO PRESERVE ORDER.

2. GENERAL MOTORS INFORMED PRESIDENT CALDERA DURING JUNE THAT COMPANY
WOULD BE FORCED TO LEAVE VENEZUELA IF THEIR LABOR SITUATION WERE NOT
RESOLVED. IN HIS WEEKLY PRESS CONFERENCE OF JUNE 28 CALDERA STATED
THAT PRODUCTION SLOWDOWN WAS AN EXTRA-LEGAL MEASURE WHICH COULD NOT
BE TOLERATED. MINISTER OF LABOR SUBSEQUENTLY AUTHORIZED GM'S DISMISSAL

OF NEARLY 400 OF GM'S TOTAL WORK FORCE OF SOME 1,000. UNION LAWYERS
ALLEGED THAT REPLACEMENT WORKERS ARE BEING HIRED FROM RANKS OF COPEI
UNEMPLOYED.

3. UNIONS' ATTEMPTS TO INVOKE MAJOR CONGRESSIONAL INVESTIGATION HAVE
FOUNDERED BEFORE STRONG GOVERNMENT POSITION SUPPORTING COMPANY ACTION
AS LEGAL AND JUSTIFIED. MINISTER OF LABOR APPEARED BEFORE CON-
GRESSIONAL COMMITTEE JULY 16 AND JULY PAGE TEXT OF MINISTRY DECREE
APPEARED IN CARACAS NEWSPAPERS JULY 18.

4. GM COMMENT: GM'S LABOR RELATIONS HAVE BEEN THORNY ISSUE FOR BOTH
COMPANY AND GOVERNMENT FOR MONTHS. GOVERNMENT'S EVENTUAL
HARD-LINE DECISION WAS MADE EASIER BY FACT THAT UNIONS' LEADER,
ESCARRA, IS ISOLATED BOTH FROM ESTABLISHED LABOR CONFEDERATIONS AS
WELL AS POWERFUL POLITICAL ORGANIZATIONS. GM MANAGEMENT APPARENTLY
SUCCESSFUL IN SEEING THROUGH DIFFICULT SITUATION THOUGH IT WILL
TAKE SOME TIME FOR WOUNDS TO GM'S PUBLIC IMAGE TO HEAL.
MCCLINTOCK

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR RELATIONS, LABOR DISPUTE SETTLEMENT, FRINGE BENEFITS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA06358
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730717/aaaaamiu.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 CARACAS 4065
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 24 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jan-2002 by willialc>; APPROVED <14 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DRASTIC ACTION AT GENERAL MOTORS PLANT EASES TENSION
TAGS: ELAB, VE, GENERAL MOTORS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005